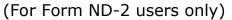
Schedule North Dakota Office of State Tax Commissioner

Calculation of credit for income tax paid to another state





Your name as shown on Form ND-2		Social security number
Name o	f state to which you paid tax on income that is also taxed by North Dakota	
		See instructions of back of schedule
1. E	rear resident and part-year resident Inter the portion of your federal adjusted gross income earned or received while a North Dakota resident that was reported to the other state (See instructions)	(S8) 1
2. E	nter the applicable amount for your residency status as instructed below	(SJ) 2
	Full-year resident - Enter the amount from Form ND-2, Schedule 2, line A, after reducing it by any interest from U.S. obligations (on Form ND-2, Schedule 2, line 7). Part-year resident - Enter the amount from Schedule 3, Part 1, line 1B.	
	Divide line 1 by line 2. Round to nearest two decimal places. f line 1 is equal to or more than line 2, enter 1.00	
4. E	nter the amount of your North Dakota tax from Form ND-2, Tax Computation Schedule, line 2	4
5. N	Multiply line 4 by line 3	(SL) 5
6. E	nter the amount of income tax from the other state's return (See instructions)	(SM) 6
•	If a full-year resident, go to line 7	
•	If a part-year resident , skip line 7 and complete lines 8 through 11.	
	rear resident only	
	redit - Enter the smaller of line 5 or line 6. Enter this amount on Form ND-2, Fax Computation Schedule, line 3	7
Part-y	year resident only	
8. E	Inter the portion of your federal adjusted gross income that you reported to the other state	(SK) 8
	Divide line 1 by line 8. Round to nearest two decimal places. f line 1 is equal to or more than line 8, enter 1.00	
10. N	Multiply line 6 by line 9	(S9) 10
	Predit - Enter the smaller of line 5 or line 10. Enter this amount on Form ND-2, Cax Computation Schedule, line 3	11

To obtain this credit, you must attach the following to your North Dakota return:

- Schedule 4.
- A copy of the income tax return filed with the other state.

General instructions

Who is eligible

You may be eligible for a credit for income tax paid to another state if both of the following apply:

- You were a North Dakota resident for all or part of the 2003 tax year.
- You are required to pay income tax for the 2003 tax year to North Dakota and to another state on the same income.

Part-year resident—If you were a part-year resident of North Dakota during the 2003 tax year, the credit is available only if the income taxed by both North Dakota and the other state was earned or received during the time you were a North Dakota resident.

Definition of state—For purposes of this credit, "state" means any of the other 49 states, the District of Columbia, or a territory of the United States. This credit is not available for income tax paid to a local government (such as a city, county, or school district), nor is it available for income tax paid to another country or any of its political subdivisions.

Other state's return—The credit is allowed only if you file an income tax return with the other state. The credit is not allowed based on the amount of the other state's income tax withheld from your wages or the amount of estimated income tax paid to the other state. Part or all of the other state's income tax withholding or estimated tax paid may be refunded to you depending on the actual income tax liability calculated on the other state's income tax return.

You must attach a copy of the other state's income tax return along with this schedule to your Form ND-2 to obtain the credit.

Joint filers with different states of residence. If you are filing a joint federal return, but you are required to file separate North Dakota returns because you and your spouse had different states of residence, this credit is available to the spouse who is either a full-year resident or part-year resident of North Dakota.

Payment of income tax to more than one other state

If you pay income tax to more than one other state for the 2003 tax year, you must complete a separate Schedule 4 for each state. Fill in the total of the separately calculated credit amounts on Form ND-2, Tax Computation Schedule, line 3.

Did you work in Montana?

If you worked in Montana while a resident of North Dakota, the wages you receive for this work are not taxable by Montana under the income tax reciprocity agreement between Montana and North Dakota. If this applies to you, but your employer withheld Montana income tax from the wages, do not complete this schedule. Instead, you must file a Montana individual income tax return to obtain a refund of the Montana income tax withheld. For more information on reciprocity, see Minnesota and Montana residents on page 4 of the Form ND-2 instruction booklet.

Income other than wages from Montana sources—You may be eligible for this credit if you are required to pay income tax to Montana on income other than wages, provided you earn or receive the income while a North Dakota resident.

Did you work in Minnesota?

If you worked in Minnesota while a resident of North Dakota, the wages you receive for this work are not taxable by Minnesota under the income tax reciprocity agreement between Minnesota and North Dakota, provided you maintained a home in North Dakota to which you returned at least once every month. If this applies to you, but your employer withheld Minnesota income tax from the wages, do not complete this schedule. Instead, you must file a Minnesota individual income tax return to obtain a refund of the Minnesota income tax withheld. For more information on reciprocity, see Minnesota and Montana residents on page 4 of the Form ND-2 instruction booklet.

Income other than wages from Minnesota sources—You may be eligible for this credit if you are required to pay income tax to Minnesota on other types of income that are not covered by the income tax reciprocity agreement between North Dakota and Minnesota, provided you earn or receive the income while a North Dakota resident.

Specific line instructions

Line 1

Full-year resident: If you were a full-year resident of North Dakota for the 2003 tax year, enter on this line the amount of your federal adjusted gross income that you are required to report to the other state.

Part-year resident: If you were a part-year resident of North Dakota for the 2003 tax year, calculate the amount to enter on this line as follows:

- Step 1—Determine the amount of your federal adjusted gross income that you earned or received while a North Dakota resident.
- Step 2—Of the amount in Step 1, determine the portion that you are required to report to the other state, and enter that amount on line 1.

Federal AGI reportable to other state. Include only those items of income, gain, loss, and adjustments to income included in the calculation of federal adjusted gross income that were taken into account in calculating the income taxable by the other state. *Do not* include exemptions, standard deduction, itemized deductions, or any other adjustment to federal adjusted gross income allowed or required by the other state's tax laws.

Line 6

Enter the amount of the income tax less any income tax credits as shown on the other state's income tax return. Do not include on this line the amount of the other state's income tax withheld from your wages or the amount of estimated income tax paid to the other state.

Line 7

If you completed more than one Schedule 4 because you are claiming the credit for more than one other state, add the separately calculated credit amounts on all of the schedules and enter the total amount on Form ND-2, Tax Computation Schedule, line 3.

Line 8

Include only those items of income, gain, loss, and adjustments to income included in the calculation of federal adjusted gross income that were taken into account in calculating the income taxable by the other state. *Do not* include exemptions, standard deduction, itemized deductions, or any other adjustment to federal adjusted gross income allowed or required by the other state's tax laws.

Line 11

If you completed more than one Schedule 4 because you are claiming the credit for more than one other state, add the separately calculated credit amounts on all of the schedules and enter the total amount on Form ND-2, Tax Computation Schedule, line 3.